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C O N F I D E N T I A L SECTION 01 OF 03 KYIV 002546

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SUBJECT: UKRAINE: PRESIDENT PUSHES FOR QUICK COALITION
NEGOTIATIONS

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Classified By: Ambassador for reasons 1.4(b,d).

¶1. (C) Summary. President Yushchenko has tried to jump start negotiations on forming a new governing coalition by calling all five political forces represented in the new Rada to a meeting October 8 and instructing them to submit proposals on the prime minister and coalition within five days. He has also suggested that before any candidate is confirmed, the Rada pass a number of pieces of legislation designed to show good will and to straighten out the power sharing between bodies of government, including eliminating immunity for parliamentary deputies, abolishing the controversial law on the Cabinet of Ministers, and giving the President more control over the power ministers. Yushchenko's proposals have met with mixed results. Bloc leader Tymoshenko immediately announced that she was willing to offer the opposition key positions, including a deputy prime minister slot, while Prime Minister Yanukovych underscored that Regions will not be in a coalition that does not have a Regions PM and that a new Rada could only amend the CabMin law rather than abolish it. Defense Minister Hrytsenko told the Ambassador that some in Our Ukraine-People's Self Defense now wanted to avoid a vote on Tymoshenko as PM entirely if the orange forces did not have the votes, because the rejection of her nomination would empower Regions in further coalition talks.

¶2. (C) Comment. Yushchenko may still be hoping to find a compromise that gets both Regions and BYuT buy-in by demonstrating that he is willing to work with all sides. Moreover, his push to have initial talks over by the end of the week is a promising step towards a faster coalition process than 2006's four-month debacle. However, with Yanukovych and Tymoshenko both still pushing their positions, and Yushchenko adding in his own demands for legislation and then departing the country for the week (on a trip to Lithuania and Slovakia), the negotiations promise to be difficult. Our position -- we do not take sides in these negotiations and will work with any government that emerges from the recent election -- is well understood by all three major parties and Lytvyn. End summary and comment.

Election Count is In

¶3. (SBU) With no surprises in the results, the Central Election Commission (CEC) announced on October 9 that it had 100-percent preliminary results in and had received all official protocols, which they were still reviewing. Deputy CEC head Andriy Mahera told the press, however, that due to ongoing court disputes, the CEC would be unlikely to announce the results sooner than October 14. (Note. The results must be announced by October 15, according to the election law,

and promulgated no later than October 20. Once the final results are promulgated, by law, the Rada must be seated within 30 days. End note.)

Yushchenko Lays out his Demands

¶4. (SBU) President Yushchenko October 8 held a meeting with representatives of the five parties/blocs that made it into the new Rada. According to the press, in attendance were Presidential Chief of Staff Baloha, NSDC Secretary Plyushch, PM Yanukovych and Raisa Bohatyreva from Regions, Tymoshenko and Oleksandr Turchynov from BYuT, Yuriy Lutsenko and Vyacheslav Kyrylenko from OU-PSD, Oleh Zarubinskiy and Ihor Sharov from the Lytvyn Bloc, and Petro Symonenko and Valentyn Matveyev from the Communists. Yushchenko also held a private meeting with Symonenko a half hour before the general meeting. The President asked all parties to finish coalition negotiations within five days and submit to him suggestions for prime minister and coalition composition. (Note. Interestingly, Yushchenko has announced plans to be in Vilnius and then Slovakia, taking him out of the country for most of the week and removing him from the negotiation process. End note.) Yushchenko also suggested abolishing the Cabinet of Ministers law, which was passed when the Rada including BYuT voted to override Yushchenko's veto in January, and which contains some seemingly unconstitutional provisions, and putting the power ministers directly under control of the President.

¶5. (SBU) The following day, First Deputy Head of the Presidential Secretariat Oleksandr Shlapak said in an interview that the President intends to insist that any vote on a prime minister be preceded by votes on six key bills. The first two would be a first vote on amending the constitution to eliminate parliamentary immunity and the second would be a law to remove other benefits for MPs.

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(Note. MPs currently get apartments in Kyiv and large allowances for things like "health" rests at Crimean resorts. End note.) Shlapak said the other four pieces of legislation, all of which touch on the powers of government organs, would be laid out in a formal presentation next week. Initial comments from BYuT and Regions leaders showed opposition to supporting bills they had no role in creating or discussing.

Other Camps Weigh In

¶6. (C) Tymoshenko announced that if an orange government was formed, they were ready to give the opposition one deputy prime minister position, head of the Rada's audit chamber (like our GAO), and a number of Rada committee chairmanships. She added that they would consider also giving the opposition some deputy minister and deputy governor positions. Tymoshenko also said that the proposal for forming an orange coalition had been sent to Lytvyn. In an October 5 conversation, former BYuT deputy Yevzhen Kornychuk told us that the BYuT rank and file was increasingly worried that President Yushchenko would not live up to his commitment to support an orange coalition, noting that BYuT was ready to go into the opposition if need be. He said that Yushchenko had been surprised by BYuT's strong showing and was still trying to figure out what to do and how to block Tymoshenko from becoming Prime Minister.

¶7. (SBU) After the group meeting with Yushchenko, Yanukovych told the press that Regions would only be in a coalition if they got the premiership. Otherwise, they would go into opposition. This was, however, the first time he indicated that Regions will take its seats in the Rada if they are in the opposition. Yanukovych and Tymoshenko also met separately on October 8, but no details have been made public.

¶8. (SBU) Strangely, in an apparent effort to remain in the coalition game, Communist leader Symonenko also announced that the Communists would consider endorsing Tymoshenko as PM, if the CPU were given positions in the Interior Ministry, Prosecutor General's Office, Audit Chamber, and National Bank.

Defense Minister Hrytsenko Gives his Perspective -----

¶9. (C) Defense Minister Hrytsenko, number 4 on the OU-PSD list, told the Ambassador October 8 that in spite of the existence of a theoretical majority vote for the orange parties, he did not believe that Tymoshenko would be able to convince all 228 BYuT and OU-PSD Rada members to vote for her to become Prime Minister. Hrytsenko suggested that if orange did not have the necessary votes in hand, it would be far better not to let an actual vote take place. If there was a vote on Tymoshenko as PM, and it failed, then Hrytsenko believed that it would allow Regions to emerge as the main player in negotiations. Hrytsenko argued this was something OU should avoid; it was better to know up front whether or not orange could win. Right now, according to Hrytsenko, Regions was offering everything and anything to everyone to form a coalition. If a vote on orange was called and then lost, then Regions would stop bargaining. In Hrytsenko's view, if an orange coalition could not succeed, then OU-PSD should work with Regions to form a broad coalition. However, as far as Hrytsenko is concerned, in such a coalition, Yanukovych would not be acceptable as PM.

¶10. (C) In fact, Yanukovych would not be acceptable as PM for either OU or BYuT in any scenario, according to Hrytsenko. He thought that Yushchenko would be willing to accept Yanukovych as Speaker, but Tymoshenko would not. In general, Hrytsenko argued, both Tymoshenko and Yanukovych needed to understand that losing and ending up in opposition was not the end of the political world, and in fact, could be better for their presidential ambitions. Hrytsenko thought that this was a useful message for the international community to convey to both. In response to the Ambassador's question, Hrytsenko said that he did not believe that Yanukovych's threat that Regions would not take their seats in the Rada was serious.

¶11. (C) With regard to the effort to form an orange coalition, Hrytsenko confirmed that discussions were ongoing. Tymoshenko, Turchynov, and former Socialist Vinskiy were representing BYuT; Tarasyuk, Vasynyuk, Hrytsenko, and Lutsenko were representing OU-PSD. (Note. This may not be a complete list; for example, we understand that OU faction head Kyrylenko has been involved in most negotiations. End note.) Discussions were difficult, but there was hope that

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compromise would be found. The conversations about positions in the government were hard, but the biggest issue was a lack of trust. According to Hrytsenko, Tymoshenko even thought that she might get the support of 40 Regions deputies and the 20 deputies belonging to the Lytvyn bloc if there was a vote on orange. (Note. This seems unlikely to us. End note.) For himself, Hrytsenko said that after the new government was formed he wanted either to remain as Defense Minister or become a deputy prime minister in charge of security affairs, as Sergiy Ivanov did in Russia.

¶12. (C) Hrytsenko raised the idea of a compromise "technocratic PM," an idea that had floated around during the final two weeks of the campaign. The main problem was that neither Tymoshenko nor Yanukovych would agree to this if their party formed the coalition and the successful formation of such a technocratic government would require their buy-in. Hrytsenko noted that Yushchenko wanted to find his "own Zubkov" - a reference to the newly-appointed Russian PM - but understood that Tymoshenko and OU leaders Lutsenko and Kyrylenko opposed this. Hrytsenko told the Ambassador that

he was not for now interested in the job; at this stage, it was "not an option" since he would not be able to affect either people or policies. However, Tymoshenko had attacked him during the campaign because she saw him as an alternative PM.

¶13. (U) Visit Embassy Kyiv's classified website:

www.state.sgov.gov/p/eur/kiev.

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